

## **RESOLUTION NO. 13-18**

### **RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK APPROVING THE ADOPTION OF TEMPORARY DIRECTIVES AND REQUIREMENTS FOR THE SMALL BUSINESS LOAN GUARANTEE PROGRAM**

**WHEREAS**, the California Infrastructure and Economic Development Bank (the "I-Bank") is established pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act (California Government Code Section 63000 et seq.) (the "I-Bank Act"), for the purpose of providing financial assistance to eligible entities in the State of California (the "State") through a variety of financing mechanisms, which include, among other things, guarantees for loans made to small businesses in the State;

**WHEREAS**, in connection with the Governor's Reorganization Plan No. 2 ("GRP 2"), the State agency formerly known as the California Business, Transportation and Housing Agency ("BT&H") was dissolved and its various departments, entities and programs were dissolved, reconstituted or moved to other State agencies;

**WHEREAS**, pursuant to GRP 2, the I-Bank and the State's Small Business Loan Guarantee Program (the "State Program") were moved from BT&H to the Governor's Office of Business and Economic Development ("GO-Biz");

**WHEREAS**, recently enacted legislation, referred to as the Small Business Financial Assistance Act of 2013, ("Small Business Act") (i) established the California Small Business Finance Center (the "Center") within the I-Bank, (ii) moved the State Program from GO-Biz to the Center in the I-Bank; and (iii) added provisions of the Small Business Act to the I-Bank Act;

**WHEREAS**, prior to the implementation of GRP 2, the State, acting through the State Program and through the California Capital Access Program operated by the State Treasurer's Office ("CalCAP"), applied for and was awarded a federal grant from the U.S. Treasury under the State Small Business Credit Initiative (the "Federal Grant") to provide funds to support small business loan programs to be administered by the State Program and CalCAP;

**WHEREAS**, upon the award of the Federal Grant, a federally-funded small business loan guarantee program was created and administered by the State Program, then operating under BT&H (the "SSBCI Program") to utilize a portion of the Federal Grant funds, with the remainder to be utilized by CalCAP;

**WHEREAS**, the terms of the Federal Grant provide that, upon meeting certain conditions, funds awarded under the Federal Grant will be disbursed to the State in tranches;

**WHEREAS**, the State, through the SSBCI Program and CalCAP, has received and largely exhausted the funds provided under the first tranche of the Federal Grant ("First Tranche");

**WHEREAS**, the funds associated with the second tranche of the Federal Grant ("Second Tranche") have been requested by the State Program and CalCAP; however, the Second Tranche might not be received by the State until early 2014, and as such, during the period after fully exhausting the funds from the First Tranche but prior to the receipt of the Second Tranche funds, the SSBCI Program and/or CalCAP could experience a federal funding gap (the "Funding Gap");

**WHEREAS**, the State wishes to take measures enabling it to continue to provide small business loan guarantees comparable in size to the loan guarantees under the SSBCI Program during the Funding Gap;

**WHEREAS**, the Small Business Act portion of the I-Bank Act provides that the State Program, and any other small business financial assistance programs, such as the SSBCI Program, administered by the Center, are to be governed by directives and requirements ("Directives and Requirements") adopted by the I-Bank Board of Directors (the "Board");

**WHEREAS**, I-Bank staff expect to prepare and propose draft Small Business Finance Center Directives and Requirements, for consideration by the Board, before the statutory deadline of June 1, 2015;

**WHEREAS**, the Board desires to be of assistance to the State during the Funding Gap and during any future funding gaps that may occur in the period after monies from the latest tranche of the Federal Grant have been exhausted by the SSBCI Program and/or CalCAP but before the receipt of the next tranche of the Federal Grant ("Future Funding Gaps"); and

**WHEREAS**, the Board has determined that the adoption of temporary directives and requirements ("Temporary Directives and Requirements") for the State Program would serve the purposes of providing small business loan guarantees under the SBLGP comparable in size to the loan guarantees under the SSBCI Program during the current Funding Gap and during any Future Funding Gaps.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the California Infrastructure and Economic Development Bank, as follows:

**Section 1.** The Board hereby finds that the above recitals are true and correct.

**Section 2.** The Board hereby adopts the Temporary Directives and Requirements for the Small Business Loan Guarantee Program, attached hereto as Attachment A, and declares that such Temporary Directives and Requirements shall remain in effect until the earlier of (i) the adoption of permanent Directives and Requirements for the Small Business Loan Guarantee Program, (ii) all funding tranches



of the Federal Grant have been received by the State Program, or (iii) the Board determines otherwise.

**Section 3.** The Board directs the Executive Director and her assignees to take all actions necessary or desirable to implement the Temporary Directives and Requirements.

**Section 4.** The Board further directs the Executive Director to periodically, as appropriate, report back to the Board as to the status of funding under the Federal Grant.

**Section 5.** This resolution shall take effect immediately upon its adoption.

**PASSED, APPROVED, AND ADOPTED** at a meeting of the California Infrastructure and Economic Development Bank on November 19, 2013, by the following vote:

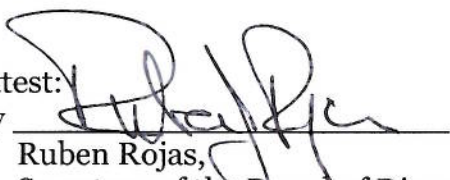
AYES: ORTEGA, PAPARIAN, ROSSI, ANNIS, LUCHETTI

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

By   
Teveia R. Barnes, Executive Director

Attest:  
By   
Ruben Rojas,  
Secretary of the Board of Directors

## **ATTACHMENT A**

Temporary Directives and Requirements  
for the Small Business Loan Guarantee Program  
under the Small Business Finance Center as  
Administered by the California Infrastructure and Economic Development Bank

Temporary Directives and Requirements  
for the Small Business Loan Guarantee Program  
under the Small Business Finance Center as  
Administered by the California Infrastructure and Economic Development Bank  
Adopted on November 19, 2013

The following are temporary directives and requirements of the California Infrastructure and Economic Development Bank ("I-Bank") for the administration of the Small Business Loan Guarantee Program ("the State Program") under the Small Business Finance Center as administered under the authority of the I-Bank.

The State, acting through the State Program and through the California Capital Access Program operated by the State Treasurer's Office ("CalCAP"), applied for and was awarded a federal grant from the U.S. Treasury under the State Small Business Credit Initiative (the "Federal Grant") to provide funds for small business loan support programs administered by the State Program and CalCAP. The State Program administers the federally-funded small business loan guarantee program with the funds from the Federal Grant (the "SSBCI Program"). The State Program also administers a state-funded small business loan guarantee program (the "SBLGP").

Funds awarded under the Federal Grant for the SSBCI Program are disbursed by the U.S. Treasury to the State Program in tranches upon satisfaction of certain conditions. The State Program has received and largely exhausted the funds provided for the SSBCI Program under the first tranche of the Federal Grant ("First Tranche"). The funds associated with the second tranche of the Federal Grant ("Second Tranche") have been requested by the State Program and CalCAP. However, the Second Tranche of the Federal Grant might not be received by the State until early 2014. During the period after the State Program and/or CalCAP have exhaust their respective share of the Federal Grant from the First Tranche but prior to the receipt of the Second Tranche of federal funds, the State Program and/or CalCAP could experience a gap in federal funds available for the SSBCI Program and/or CalCAP (the "Funding Gap").

The State Program wishes to continue to provide small business loan guarantees comparable in size to the loan guarantees under the SSBCI Program during the Funding Gap and during any future funding gaps that may occur in the period after funds from the latest tranche of the Federal Grant have been exhausted by the SSBCI Program and/or CalCAP but before the receipt of the next tranche of the Federal Grant ("Future Funding Gaps").

These temporary directives and requirements ("Temporary Directives and Requirements"), adopted pursuant to the Small Business Financial Assistance Act of 2013 (the "Small Business Act"), which was enacted on October 4, 2013, shall remain in effect until the earlier of (i) the adoption of permanent Directives and Requirements for the Small Business Loan Guarantee Program, (ii) all funding tranches of the Federal

Grant have been received by the State Program, or (iii) the Board of Directors of the I-Bank determines otherwise.

Except as set forth herein, all of the policies, rules, regulations and guidelines applicable to the SBLGP, as they exist on the date of the adoption of the Temporary Directives and Requirements, shall remain in effect, without change, unless modified or waived by the I-Bank in accordance with the Small Business Act.

**Pursuant to the Temporary Directives and Requirements, during the Funding Gap and any Future Funding Gaps, the maximum loan guarantee amount authorized under the SBLGP shall be increased from five hundred thousand dollars (\$500,000) to two million five hundred thousand dollars (\$2,500,000) per borrower; provided that any guarantee amount equal to or greater than one million dollars (\$1,000,000) shall require the prior written approval of a peer review committee of financial development corporations and the prior written approval of the Executive Director of the I-Bank.**